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Lafayette, Louisiana
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Honorable James H. Welsh
Commissioner of Conservation
Office of Conservation
Post Office Box 94275
Baton Rouge, LA 70804-4275

Re: Marg 7 Sand, Reservoir E
Perry Point Field
Vermilion Parish, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of **HELIS OIL & GAS COMPANY, L.L.C.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating to the Marg 7 Sand, Reservoir E, in the Perry Point Field, Vermilion Parish, Louisiana:

1. To establish rules and regulations and to create a single drilling and production unit for the exploration for and production of gas and condensate from the Marg 7 Sand, Reservoir E, in the Perry Point Field, Vermilion Parish, Louisiana, said unit to be designated MARG 7 RE SUA, as shown on the plat attached hereto and made a part hereof.

2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit with each tract sharing in unit production on a surface acreage basis of participation.

3. To provide that any future wells drilled to the Marg 7 Sand, Reservoir E, in the Perry Point Field, should be located in accordance with the spacing provisions of Statewide Order No. 29-E.

4. To provide that the Commissioner of Conservation should be authorized to reclassify the Marg 7 Sand, Reservoir E, in the Perry Point Field by supplemental order without the necessity of a public hearing if the producing characteristics of such reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation.

5. To consider such others matters as may be pertinent.

The Marg 7 Sand, in the Perry Point Field, Acadia and Vermilion Parishes, Louisiana, was previously defined in Office of Conservation Order No. 448-E-6, effective August 5, 2003.

Pertinent data, including well logs, may be obtained **AT THE COST OF THE REQUESTING PARTY** from Frank W. Harrison, Jr., P. O. Box 51943, Lafayette, LA 70505-1943, Telephone Number (337) 232-4031.

Pursuant to the Revised Rules of Procedure, a pre-application conference was held in Lafayette, Louisiana, on January 14, 2004, at which the parties named on the attached list were in attendance. The conference was opened by Richard W. Revels, Jr. and Frank W. Harrison, Jr., representatives of the applicant, who explained the basis for the applicant's proposal. Questions were asked and answered. Mr. Jason Talbot, representing the Office of Mineral Resources, suggested that the unit be shifted to the west and the south unit boundary moved up slightly so that the resulting unit would contain approximately 220 acres. Differences could not be resolved, and the conference was adjourned.

Attached hereto and made a part hereof are the plat outlining the applicant's proposal, the conference attendance list and the list of the names and addresses of the Interested Owners, Represented Parties, and Interested Parties to whom a copy of this application is being mailed. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished only to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation; however, the list of parties will be furnished to any party requesting copies. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

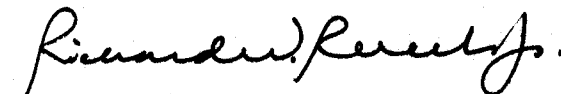
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Finally, enclosed is our check on behalf of the applicant, in the amount of \$755.00, made payable to the Office of Conservation representing the required hearing application fee.

Very truly yours,



Richard W. Revels, Jr.

RWRjr/dbf
Attachments

cc: Mr. Richard Hudson, Lafayette District Office of Conservation
cc: Interested Owners, Represented Parties and Interested Parties

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